BLUEBIRD BATTERY METALS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED NOVEMBER 30, 2019

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

January 27, 2020

BLUEBIRD BATTERY METALS INC.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

		November 30, 2019		August 31, 2019
ASSETS				
Current				
Cash	$	3,692	$	18,507
Amounts receivable		6,214		4,161
Prepaid expenses		11,191		11,816
		21,097		34,484
Exploration and evaluation assets (Notes 6 and 8)		2,581,414		2,570,832
	$	**2,602,511**	**$**	**2,605,316**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 8)	$	901,785	$	856,008
Loans payable (Notes 7 and 8)		183,300		125,000
		1,085,085		981,008
Shareholders' Equity				
Share capital (Note 9)		12,735,699		12,735,699
Contributed surplus (Note 9)		1,713,867		1,713,867
Deficit		(12,894,862)		(12,786,598)
Accumulated other comprehensive loss		(37,278)		(38,660)
		1,517,426		1,624,308
	$	**2,602,511**	**$**	**2,605,316**

Going Concern (Note 2)
Commitments (Note 6)
Subsequent Event (Note 13)

Authorized for issuance on behalf of the Board on January 27, 2020:

"Nathan Tribble" Director

"Jeremy Ross" Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BLUEBIRD BATTERY METALS INC.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended November 30, 2019	Three Months Ended November 30, 2018
Expenses		
Consulting fees (Note 8)	$ 54,012	$ 156,188
Foreign exchange gain	-	(9,845)
General exploration costs	4,006	-
Management fees (Note 8)	-	97,500
Office and general (Note 8)	12,221	15,032
Professional fees	9,840	45,780
Rent (Note 8)	9,000	9,000
Share-based payments (Notes 8 and 9)	-	44,197
Shareholder communications and investor relations	17,650	41,911
Transfer agent and filing fees	1,535	3,218
Travel	-	18,519
Net Loss for the Period	(108,264)	(421,500)
Other Comprehensive Income (Loss)		
Items that may be reclassified subsequently to income or loss:		
Exchange difference on translating foreign operations	1,382	(3,423)
Comprehensive Loss for the Period	$ (106,882)	$ (424,923)
Loss per Share – Basic and Diluted	$ (0.00)	$ (0.01)
Weighted Average Number of Common Shares Outstanding	50,598,379	44,485,268

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BLUEBIRD BATTERY METALS INC.
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Expressed in Canadian Dollars)

	Share Capital					
	Number of Shares	**Share Capital**	**Contributed Surplus**	**Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Total**
Balance, August 31, 2018	**42,502,049**	**$ 10,781,930**	**$ 1,268,708**	**$ (9,636,636)**	**$ 2,373**	**$ 2,416,375**
Shares issued for exploration and evaluation assets	1,633,631	514,594	-	-	-	514,594
Warrants exercised	2,403,833	420,767	-	-	-	420,767
Stock options exercised	200,000	69,296	(29,296)	-	-	40,000
Stock options granted	-	-	44,197	-	-	44,197
Net loss for the period	-	-	-	(421,500)	-	(421,500)
Exchange difference on translating foreign operations	-	-	-	-	(3,423)	(3,423)
Balance, November 30, 2018	**46,739,513**	**11,786,587**	**1,283,609**	**(10,058,136)**	**(1,050)**	**3,011,010**
Shares issued for exploration and evaluation assets	1,875,000	553,125	-	-	-	553,125
Warrants exercised	1,583,866	257,396	(19,816)	-	-	237,580
Stock options exercised	400,000	138,591	(58,591)	-	-	80,000
Stock options granted	-	-	508,665	-	-	508,665
Net loss for the period	-	-	-	(2,728,462)	-	(2,728,462)
Exchange difference on translating foreign operations	-	-	-	-	(37,610)	(37,610)
Balance, August 31, 2019	**50,598,379**	**12,735,699**	**1,713,867**	**(12,786,598)**	**(38,660)**	**1,624,308**
Net loss for the period	-	-	-	(108,264)	-	(108,264)
Exchange difference on translating foreign operations	-	-	-	-	1,382	1,382
Balance, November 30, 2019	**50,598,379**	**$ 12,735,699**	**$ 1,713,867**	**$ (12,894,862)**	**$ (37,278)**	**$ 1,517,426**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BLUEBIRD BATTERY METALS INC.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended November 30, 2019	Three Months Ended November 30, 2018
Operating Activities		
Net loss for the period	$ (108,264)	$ (421,500)
Item not involving cash:		
Share-based payments	-	44,197
Changes in non-cash working capital balances:		
Amounts receivable	(2,053)	38,848
Prepaid expenses	625	42,977
Accounts payable and accrued liabilities	69,326	47,131
Cash Used in Operating Activities	(40,366)	(248,347)
Investing Activity		
Exploration and evaluation asset expenditures, net	(32,749)	(357,828)
Cash Used in Investing Activity	(32,749)	(357,828)
Financing Activities		
Shares issued for cash	-	460,767
Proceeds from loan payable	58,300	-
Cash Provided by Financing Activities	58,300	460,767
Change in Cash	(14,815)	(145,408)
Cash, Beginning of Period	18,507	260,836
Cash, End of Period	$ 3,692	$ 115,428
Non-cash Transactions and Supplemental Disclosures		
Shares issued for exploration and evaluation assets (Notes 6 and 9)	$ -	$ 514,594
Exploration and evaluation asset expenditures included in accounts payable and accrued liabilities (opening)	$ 202,458	$ 318,538
Exploration and evaluation asset expenditures included in accounts payable and accrued liabilities (closing)	$ 178,909	$ 426,350
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

BlueBird Battery Metals Inc. (the "Company") is an exploration stage company incorporated pursuant to the British Columbia *Business Corporations Act* on March 31, 2011. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company changed its name from Golden Peak Minerals Inc. to BlueBird Battery Metals Inc. on April 17, 2018. The Company's shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "BATT" and on the OTCQB under the symbol "BBBMF". The address of the Company's corporate office and its principal place of business is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6.

2. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred a net loss of $108,264 for the three months ended November 30, 2019 (2018 - $421,500) and has an accumulated deficit of $12,894,862 at November 30, 2019. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed consolidated interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements of the Company should be read in conjunction with the Company's 2019 annual consolidated financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on January 27, 2020.

b) Measurement basis

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for certain financial instruments that have been measured at fair value. These condensed consolidated interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

3. BASIS OF PREPARATION (Continued)

c) Subsidiary

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, BlueBird Battery Metals Australia Pty. Ltd., which was incorporated in Australia on April 10, 2018. Intercompany balances and transactions are eliminated in preparation of the Company's condensed consolidated interim financial statements.

d) Foreign currency translation

The functional currency of the Company is the Canadian dollar. The functional currency of the Company's Australian subsidiary is the Australian dollar, which is determined to be the currency of the primary economic environment in which the subsidiary operates.

Transactions in currencies other than the functional currency are recorded at the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items are measured at historical cost in a functional currency and are not retranslated.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 4 to the audited consolidated financial statements for the year ended August 31, 2019, except for the following:

a) New accounting standard adopted during the period

IFRS 16 Leases

Initial adoption

On December 31, 2019, the Company adopted IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

The Company has elected to apply IFRS 16 using a modified retrospective approach, which does not require restatement of prior period financial information. Modified retrospective application recognizes the cumulative effect of IFRS 16 as an adjustment to opening deficit at January 1, 2019 and applies the standard prospectively. The Company has determined that at January 1, 2019, adoption of IFRS 16 will not result in the recognition of a right-of-use ("ROU") asset nor a lease obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) New accounting standard adopted during the period (continued)

Ongoing recognition and measurement

On the date that the leased asset becomes available for use, the Company recognizes a ROU asset and a corresponding lease obligation. Interest expense associated with the lease obligation is charged to the statement of income/loss over the lease period with a corresponding increase to the lease obligation. The lease obligation is reduced as payments are made against the principal portion of the lease. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation of the ROU asset is recognized in depreciation expense.

b) New accounting standards issued but not yet effective

IFRS 3 Business Combinations

IFRS 3 has been amended to revise the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendment to IFRS 3 is effective for the years beginning on or after January 1, 2020. The amendment to IFRS 3 is expected to have no impact for the Company.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

IAS 1 and IAS 8 have been amended to use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting; clarify the explanation of the definition of material; and incorporate guidance in IAS 1 regarding immaterial information. The amendments to IAS 1 and IAS 8 are effective for the years beginning on or after January 1, 2020. These amendments are expected to have no impact for the Company.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Critical judgments in applying accounting policies (continued)

a) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

b) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability, including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

d) Going concern risk assessment

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed consolidated interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the condensed consolidated interim financial statements.

a) Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made that management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs that will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at November 30, 2019, the Company has no known rehabilitation requirements, and accordingly, no provision has been made.

b) Fair value of stock options granted

The Company uses the Black-Scholes option pricing model to value the stock options granted during the period. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Canegrass Property	Ashburton Property	Atikwa Lake / Maybrun Properties	Batt Property	Total
Acquisition Costs					
Balance, August 31, 2018	**$ 995,707**	**$ 25,000**	**$ 710,284**	**$ 92,500**	**$ 1,823,491**
Acquisition and option payments (shares)	553,125	514,594	-	-	1,067,719
Claim costs	-	85,474	1,209	-	86,683
Impairment	-	(625,068)	(640,000)	(92,500)	(1,357,568)
Balance, August 31, 2019 and November 30, 2019	**$ 1,548,832**	**$ -**	**$ 71,493**	**$ -**	**$ 1,620,325**
Deferred Exploration Expenditures					
Balance, August 31, 2018	**$ 274,893**	**$ 8,020**	**$ 258,768**	**$ 48,629**	**$ 590,310**
Camp and other (recovery)	151	-	(2,970)	-	(2,819)
Drilling	243,531	-	-	-	243,531
Geological (recovery)	75,060	3,050	(6,100)	21,657	93,667
Geophysics	118,382	-	-	-	118,382
Impairment	-	(10,682)	(1,000)	(70,286)	(81,968)
Currency translation difference	(10,208)	(388)	-	-	(10,596)
Balance, August 31, 2019	**701,809**	**-**	**248,698**	**-**	**950,507**
Geological	6,795	-	-	-	6,795
Geophysics	855	-	-	-	855
Currency translation difference	2,932	-	-	-	2,932
Balance, November 30, 2019	**$ 712,391**	**$ -**	**$ 248,698**	**$ -**	**$ 961,089**
Total Exploration and Evaluation Assets					
Balance, August 31, 2019	**$ 2,250,641**	**$ -**	**$ 320,191**	**$ -**	**$ 2,570,832**
Balance, November 30, 2019	**$ 2,261,223**	**$ -**	**$ 320,191**	**$ -**	**$ 2,581,414**

6. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Canegrass Property

On March 15, 2018, the Company entered into an option agreement with Trafalgar Resources Pty. Ltd. (“Trafalgar”) to acquire a 100% interest in the Canegrass Property, located in the Mount Magnet region of Western Australia.

In consideration, the Company must make payments as follows:

- Cash payment of $25,000 (paid) and issuance of 3,000,000 common shares of the Company (issued and valued at $870,000) upon approval by the TSX-V (approval received on March 21, 2018);
- Issuance of an additional 1,875,000 common shares of the Company on or before March 21, 2019 (issued on March 21, 2019 and valued at $553,125); and
- Issuance of an additional 1,875,000 common shares of the Company on or before March 21, 2020.

The Company must also incur exploration expenditures as follows:

- $500,000 on or before March 21, 2019 (incurred);
- An additional $500,000 on or before March 21, 2020; and
- An additional $500,000 on or before March 21, 2021.

A finder’s fee of 261,058 shares (issued and valued at $75,707) was paid in relation to the agreement. Subject to further TSX-V approval, a discovery bonus of 1,500,000 common shares of the Company will be issued in the event of discovery of a copper/cobalt equivalent resource of 250,000 ounces or greater on the Canegrass Property.

The Company also paid a $25,000 letter of intent (“LOI”) fee to Trafalgar during the year ended August 31, 2018.

b) Ashburton Project

On August 8, 2018, the Company entered into an agreement to acquire a 100% interest in the Ashburton Project, located in Western Australia.

In consideration, the Company must make payments as follows:

- Issuing common shares of the Company upon completion with a volume weighted average price (“VWAP”) over a 30-day period of $750,000 (issued and valued at $514,594 based on the trading price at the date of issuance); and
- Issuing common shares of the Company with a VWAP over a 30-day period of $750,000 on October 9, 2019.

The Company also paid a $25,000 LOI fee to the vendor during the year ended August 31, 2018.

The common share payment due October 9, 2019 was not made. The Company recorded an impairment charge in the amount of $635,750 on August 31, 2019.

c) Atikwa Lake / Maybrun Properties

On February 4, 2016, the Company entered into an agreement to acquire a 100% undivided interest in 20 mineral claims located in Ontario. As consideration, the Company issued 75,000 common shares of the Company at a value of $60,000.

In March 2017, an additional five claims were acquired for $6,480.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

c) Atikwa Lake / Maybrun Properties (continued)

On April 7, 2017, the Company entered into an agreement to acquire a 100% interest in the Maybrun Property located in Ontario. As consideration, the Company issued 1,200,000 common shares at a value of $600,000 and paid $40,000 in cash.

The vendors retained a 2% net smelter return royalty ("NSR") on the property. The Company had the option to purchase 1% of the 2% NSR (one-half) at a price of $1,000,000.

On June 19, 2017, the Company entered into an option agreement to acquire additional claims on the Atikwa Lake Property. Under the terms of the option agreement, the Company could earn a 100% interest by making payments as follows:

- Issuing 25,000 common shares of the Company (issued) and making a cash payment of $10,000 (paid) upon approval by the TSX-V;
- Issuing 25,000 common shares of the Company and making a cash payment of $25,000 by June 23, 2018;
- Issuing 50,000 common shares of the Company and making a cash payment of $35,000 by June 23, 2019; and
- Issuing 85,000 common shares of the Company and making a cash payment of $60,000 by June 23, 2020.

The Company was also required to incur exploration expenditures on the additional claims as follows:

- $50,000 on or before June 19, 2018;
- An additional $75,000 on or before June 19, 2019; and
- An additional $150,000 on or before June 19, 2020.

The vendors retained a 2% NSR on the property. The Company had the option to purchase 1% of the 2% NSR (one-half) at a price of $1,000,000.

On April 6, 2018, the Company provided termination notice to the vendors of the June 19, 2017 option agreement. The Company recorded an impairment of $29,628 as a result of the termination.

During the year ended August 31, 2019, the Company allowed the option title claims to lapse and recorded an impairment charge in the amount of $641,000.

d) Batt Property

On March 26, 2018, the Company entered into an option agreement with Strategic Metals Ltd. ("Strategic") to acquire an 80% interest in the Batt Property, located in Yukon Territory. In consideration, the Company paid cash of $25,000 and issued 250,000 common shares of the Company valued at $67,500.

The Company was also required to incur exploration expenditures as follows:

- $50,000 on or before March 31, 2019 (incurred);
- An additional $150,000 on or before March 31, 2020; and
- An additional $300,000 on or before March 31, 2021.

Strategic retained a 1% NSR on the property. In the case the option agreement terms were met, a joint venture ("JV") would be formed between the Company and Strategic. If Strategic's JV participation dropped below 10%, the NSR would increase to 2%. At that time, the Company could repurchase 1% (one-half) of the NSR for $1,000,000, subject to further TSX-V approval.

(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

d) Batt Property (continued)

During the year ended August 31, 2019, the Company did not have intentions to meet future exploration expenditure requirements and recorded an impairment charge in the amount of $162,786.

7. LOANS PAYABLE

	November 30, 2019	November 30, 2018
Loans payable to directors	$ 156,000	$ 125,000
Loans payable to shareholders	27,300	-
	$ 183,300	$ 125,000

The amounts are non-interest-bearing and without specific terms of repayment.

8. RELATED PARTY BALANCES AND TRANSACTIONS

These amounts of key management compensation are included in exploration and evaluation assets and the amounts shown on the condensed consolidated interim statements of comprehensive loss:

	Three Months Ended November 30, 2019	Three Months Ended November 30, 2018
Consulting fees	$ -	$ 4,688
Geological	$ -	$ 8,250
Management fees	$ -	$ 97,500

Key management includes directors and officers of the Company, including the Chief Executive Officer, President and Chief Financial Officer.

During the three months ended November 30, 2019, the Company also paid or accrued:
- $9,000 (2018 - $9,000) in rent to companies with common officers;
- $18,000 (2018 - $27,000) in consulting fees to a private company controlled by an officer; and
- $12,000 (2018 - $9,000) in office expenses to a private company controlled by an officer.

As at November 30, 2019, included in accounts payable and accrued liabilities is $253,127 (August 31, 2019 - $232,267) due to directors and officers of the Company, $126,000 (August 31, 2019 - $96,886) due to a company controlled by an officer, $25,200 (August 31, 2019 - $15,750) due to a company with common officers and directors, and $nil (August 31, 2019 - $22,000) due to a former officer.

As at November 30, 2019, included in loans payable is $125,000 (August 31, 2019 - $125,000) due to a private company controlled by an officer, $20,000 (August 31, 2019 - $nil) due to a private company controlled by a different officer and $11,000 (August 31, 2019 - $nil) due to a private company controlled by a different officer. The amounts are non-interest-bearing and without specific terms of repayment.

(Unaudited – Expressed in Canadian Dollars)

9. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

The Company did not issue any common shares during the three months ended November 30, 2019.

During the year ended August 31, 2019

- On October 9, 2018, the Company issued 1,633,631 common shares valued at $514,594 for the acquisition of the Ashburton Property (Note 6(b)).
- On March 21, 2019, the Company issued 1,875,000 common shares valued at $553,125 for the acquisition of the Canegrass Property (Note 6(a)).
- During the year ended August 31, 2019, the Company received $658,347 pursuant to the exercise of 3,987,699 warrants and $120,000 on the exercise of 600,000 stock options. The Company transferred $87,887, the previously recorded fair value of the stock options, from contributed surplus to share capital upon exercise of the stock options. The Company also transferred $19,816 previously recorded as fair value of warrants from contributed surplus to share capital upon exercise of those warrants.

c) Warrants

Warrant transactions and the number of warrants outstanding for the three months ended November 30, 2019 and year ended August 31, 2019 are summarized as follows:

	November 30, 2019		**August 31, 2019**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	10,137,335	$ 0.15	14,841,405	$ 0.17
Exercised	-	-	(3,987,699)	$ 0.17
Expired	-	-	(716,371)	$ 0.35
Outstanding, end of period	10,137,335	$ 0.15	10,137,335	$ 0.15

The following warrants were outstanding and exercisable at November 30, 2019:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants
February 23, 2020	0.23	$ 0.15	9,960,298
October 26, 2020	0.91	$ 0.36	177,037
	0.24		10,137,335

(Unaudited – Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

c) Warrants (continued)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its finder's warrants granted. During the three months ended November 30, 2019 and year ended August 31, 2019, the Company did not grant warrants.

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

d) Stock options

The Company adopted a Stock Option Plan (the "Plan") to grant incentive stock options to directors, officers, employees and consultants. Under the Plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

The following is a summary of option transactions under the Company's Plan for the three months ended November 30, 2019 and year ended August 31, 2019:

	November 30, 2019		**August 31, 2019**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	4,985,000	$ 0.26	3,300,000	$ 0.30
Expired	(625,000)	$ 0.23	(1,075,000)	$ 0.29
Exercised	-	-	(600,000)	$ 0.20
Granted	-	-	3,360,000	$ 0.23
Outstanding, end of period	4,360,000	$ 0.27	4,985,000	$ 0.26

(Unaudited – Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

d) Stock options (continued)

The following options were outstanding and exercisable at November 30, 2019:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
February 28, 2020	0.25	$ 0.22	100,000	100,000
April 11, 2020	0.36	$ 0.40	1,025,000	1,025,000
April 30, 2020	0.42	$ 0.22	50,000	50,000
April 30, 2020	0.42	$ 0.285	100,000	100,000
November 1, 2020	0.92	$ 0.25	300,000	300,000
March 8, 2021	1.27	$ 0.20	400,000	400,000
March 28, 2021	1.33	$ 0.285	100,000	100,000
January 23, 2022	2.15	$ 0.22	1,925,000	1,925,000
May 1, 2022	2.42	$ 0.25	360,000	360,000
	1.47		4,360,000	4,360,000

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The fair value of each stock option grant was calculated using the following weighted average assumptions:

	November 30, 2019	**August 31, 2019**
Expected life (years)	N/A	2.91
Risk-free interest rate	N/A	1.88%
Expected annualized volatility	N/A	127%
Dividend yield	N/A	N/A
Stock price at grant date	N/A	$ 0.23
Exercise price	N/A	$ 0.23
Weighted average grant date fair value	N/A	$ 0.16

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, amounts receivable, accounts payable and loans payable. Cash is classified as fair value through profit or loss. Amounts receivable is classified as measured at amortized cost. Accounts payable and loan payable are classified as measured at amortized cost. The carrying values of these instruments approximate their fair values due to the relatively short periods to maturity.

(Unaudited – Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS (Continued)

The following table sets forth the Company's financial asset measured at fair value by level within the fair value hierarchy as follows:

November 30, 2019	Level 1	Level 2	Level 3	Total
Cash	$ 3,692	$ -	$ -	$ 3,692

August 31, 2019	Level 1	Level 2	Level 3	Total
Cash	$ 18,507	$ -	$ -	$ 18,507

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk on cash, the Company places the instrument with a major Canadian financial institution.

b) Liquidity risk

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at November 30, 2019, the Company had cash of $3,692 (August 31, 2019 - $18,507) to settle accounts payable and accrued liabilities of $901,785 (August 31, 2019 - $856,008) and loans payable of $183,300 (August 31, 2019 - $125,000). The Company will be required to obtain additional financing to satisfy its liabilities. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) Currency risk – Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has operations in Canada and Australia and incurs operating and exploration expenditures in both currencies. The fluctuation of the Canadian dollar in relation to the Australian dollar will have an impact upon the results of the Company. A fluctuation in the exchange rates between the Canadian and Australian dollars of 10% would result in a change to the Company's cash of $300 and accounts payable and accrued liabilities of $9,000. The Company does not use any techniques to mitigate currency risk.

(Unaudited – Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS (Continued)

c) Market risk (continued)

ii) Interest rate risk – The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company has no interest-bearing financial liabilities.

iii) Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company does not have significant exposure to this risk.

11. MANAGEMENT OF CAPITAL

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the three months ended November 30, 2019 and year ended August 31, 2019. The Company is not subject to externally imposed capital requirements.

12. SEGMENTED INFORMATION

Geographical information related to the Company's non-current assets is as follows:

	November 30, 2019	August 31, 2019
Exploration and evaluation assets – Canada	$ 320,191	$ 320,191
Exploration and evaluation assets – Australia	2,261,223	2,250,641
Total exploration and evaluation assets	$ 2,581,414	$ 2,570,832

13. SUBSEQUENT EVENT

Subsequent to November 30, 2019, the Company completed a non-brokered private placement for gross proceeds of $82,000. The Company issued 1,490,909 units at a price of $0.055 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.07 for a period of two years.